

## Codelco pre-tax profits down



Production of Chilean state-owned Codelco, the world's No.1 copper miner, went up by 8% last year compared to 2013, but lower metal prices ate into pre-tax profits, company chief Nelson Pizarro said recently as per reports.

In an interview with local newspaper El Mercurio (in Spanish), the executive said that despite the company's unprecedented efforts to maintain output despite lower grades, pre-tax profit for the year was a bit over US\$3 billion, a decline of \$760 million when compared to 2013. Falling copper prices were partially offset by a 7% drop in production costs, Pizarro said.

The red metal, Chile's main export, ended the year down 17%, weighed by signs that demand for copper is faltering as

China's economy runs out of steam. And while some analysts predict prices could slide further this year, Pizarro doesn't seem concerned. He thinks the metal will settle at around \$3 a pound between 2015 and next year, recovering by the end of 2016. "I think the projected price of copper for 2018 will be around \$3.20 to \$3.50 a pound," Pizarro said.

Codelco expects to invest about \$22 billion by 2018 in its mining operations. "It is the biggest investment in history. The amount being invested in this five-year period is practically what was invested between 2003 and 2013," Pizarro told the newspaper.

A mining engineer with over 50 years of experience in the industry, Pizarro received unanimous support from Codelco's board when named CEO in August last year. One of his most recent achievements was the development of the \$4.2 billion Caserones copper mine in the Atacama Desert for Japan's Pan Pacific Copper Co.

Copper accounts for 60% of Chile's exports and 15% of its gross domestic product.

## Alba attains production records

Aluminium Bahrain's (Alba) metal production soared to an all-time record of 931,427 metric tonnes in 2014, an increase of 18,727 tonnes from 912,700 tonnes achieved in 2013.

A ceremony to mark the production record was held at HRH Princess Sabeeka Oasis on January 5. The event was attended by Alba chief executive Tim Murray, chief operations officer Isa Al Ansari, chief financial officer Ali Al Baqali, chief marketing officer Jean Baptiste Lucas, Alba Labour Union chairman Ali Al Binali as well as a large number of senior officials and employees.

Murray said: "Alba continues to push the limit on operational performance with our existing assets. In 2014 we were able to exceed the record production in 2013 which shows the dedication and commitment of our workforce. I would like to thank the Alba board, Alba management, Alba Labour Union and all the Alba employees and contractors for their performance in both production and safety in 2014. We look forward to an even more fruitful 2015."

## Chinese zinc concentrate imports down 14.98% in Nov 2014

Zinc concentrate China Customs reported that China imported 189,100 tonne of zinc concentrate in November up 37.88% YoY and a high level during 2014, though the import volume was down 14.98% on the month. YTD imports through November were 1.88 million tonne up 6.13% YoY. SMM attributes the high import volume of zinc concentrate in November.

Tcs for imported zinc concentrate have been on the rise since the start of 2014. TCs for imported zinc concentrate were USD 190 to USD 210 per dmt in November up USD 10 per dmt from October. SMM learned that high zinc concentrate inventories at ports, combined with expensive storage and interest rate cost and year-end cash tightness, forced cargo holders to raise their quotes.

The SMM/LME zinc price ratio has improved since September, rising above 7.5 in early November.

## Mitsubishi Materials seeks long term copper deal from Oyu Tolgoi

Mitsubishi Materials Corporation, Japan's 3rd biggest copper producer, said that it's seeking a long-term contract to source the metal from Mongolia's Oyu Tolgoi mine.

Mr. Tatsuya Inoue, GM of Mitsubishi's raw materials division, said, "The company and Japanese trade house Mitsui & Company have signed a contract with Oyu Tolgoi LLC to import 5,000 tonne of copper concentrate from Mongolia on a trial basis."

According to Mr. Inoue, the move is part of Mitsubishi's effort to diversify where it gets its raw materials. The company imports about 1 million tonne of copper concentrate a year, of which about 70% comes from South America.

Oyu Tolgoi, one of the world's biggest deposits of copper, has seen its expansion delayed due to conflict between its shareholders Rio Tinto Group and the Mongolian government. The mine is expected to produce as much as 195,000 tonne of copper concentrate in 2015.



Mr. Inoue said that Mitsui arranged the shipping of the concentrate, carried by rail to the Russian port of Vladivostok and then by sea to Mitsubishi Materials' Naoshima plant in Kagawa prefecture on Japan's southern Shikoku island.

He said that at about 30 days, the shipping time is similar to imports from Chile.